



August 16, 2004

## COMPLIANCE AUDIT FINDINGS

The Honorable Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, Mississippi 39205-0956

Dear Mr. Bryant:

Thank you for your letter of June 21, 2004, regarding the compliance audit completed by your office for the fiscal year 2003. Robert Benson, director, Accounting and Finance, and I have reviewed the findings and your office's recommendations. In compliance with your instructions, I am hereby submitting a plan of correction for each finding.

### IMMATERIAL WEAKNESS IN INTERNAL CONTROLS

#### Controls over Bank Accounts Should Be Strengthened

Response:

We concur in part with the finding and the recommendation.

We respectfully disagree that checks are not stored in a secure location. The checks are kept in the Director of Accounting and Finance's desk. Individuals are not permitted to enter this office unescorted.

We concur with the finding and the recommendation, regarding the timeliness of bank reconciliations.

Corrective Action Plan:

- A. We will reconcile the department's bank statements on a monthly basis.
- B. Julia Lambert
- C. September 2004
- D. N/A

Controls over Cash Receipts Should Be Strengthened

Response:

We concur in part with the finding and the recommendation.

We respectfully disagree that funds received by the accounting department are not stored in a secure location. They are kept in the Director of Accounting and Finance's desk. Individuals are not permitted to enter this office unescorted.

We concur that checks should be restrictively endorsed upon receipt.

We do not concur that the accounting department needs to compare the receipt log at the Governor's Mansion and subsequent deposits.

We concur that the Old Capitol Museum staff should include the date of receipt on their receipt log.

Corrective Action Plan:

- A. Everyone who receives checks will be given a stamp to restrictively endorse each check upon its receipt. Additionally, the Old Capitol Museum staff will start recording the date that checks are received in their receipt log.
- B. Robert Benson
- C. September 2004
- D. N/A

Reconciliation of the Collateral Sufficiency Analysis Reports to Agency Records Should Be Performed

Response:

We concur with the finding and the recommendation.

Corrective Action Plan:

- A. We will reconcile the Collateral Sufficiency Analysis Reports to our agency records.
- B. Julia Lambert
- C. September 2004
- D. N/A

## **INSTANCE OF NONCOMPLIANCE WITH STATE LAW**

### **Agency Should Comply with State Purchasing Laws**

**Response:**

We concur with the finding and the recommendation.

**Corrective Action Plan:**

- A. We will notify all division directors that they must obtain a purchase order, when necessary, prior to placing an order for goods and services.
- B. Robert Benson
- C. September 2004
- D. N/A

### **Funds Should Be Deposited to Bank Accounts Promptly and Transfers to the State Treasury Should Be Timely**

**Response:**

We concur with the finding and the recommendation.

**Corrective Action Plan:**

- A. We will make deposits in accordance with state law.
- B. Robert Benson
- C. October 2004
- D. N/A

### **General Fixed Assets Should Be Reported Timely**

**Response:**

We concur with the finding and the recommendation.

**Corrective Action Plan:**

- A. We will make additions/deletions to our inventory in accordance with state law.
- B. John Carroll
- C. September 2004
- D. N/A

The Bank Account Authorization Form Should Be Updated

Response:

We concur with the finding and the recommendation.

Corrective Action Plan:

- A. We have already corrected the bank account authorization forms.
- B. Robert Benson
- C. April 2004
- D. N/A

We appreciate the courteous and professional manner in which your staff conducted the audit. The recommendations they have made will help us to strengthen the internal financial controls at the Department of Archives and History.

With every good wish and gratitude for your support and assistance, I am

Sincerely,



Elbert R. Hilliard

cc: The Honorable William F. Winter  
Mr. Robert N. T. Benson